

Expenditures/Transfer

Q#	Question Text	FY 13/14	FY 12/13	FY 11/12
6a	Total annual unrestricted expenditures (Operating Expenditures)	\$168,062,949	\$180,994,884	\$194,560,678
6b	Salaries and benefits	\$152,128,723	\$166,182,084	\$181,806,998
6c	Other expenditures/outgo	\$8,801,777	\$3,056,208	\$3,119,356

Liabilities

Q#	Question Text	FY 13/14	FY 12/13	FY 11/12
7	Did the institution borrow funds for cash flow purposes?	Yes	Yes	Yes

Total Local Borrowing

Q#

Cash Position

Q#	Question Text	FY 13/14	FY 12/13	FY 11/12
14	Cash Balance: Unrestricted General Fund:	-\$3,814,438	-\$19,108,135	-\$29,144,098
15	Does the institution prepare cash flow projections during the year?	Yes	Yes	Yes

Annual Audit Information

Q#	Question Text	FY 13/14	FY 12/13	FY 11/12
16	Date annual audit report for fiscal year was electronic response to any audit exceptions:	12/31/2014	12/31/2013	1/25/2013

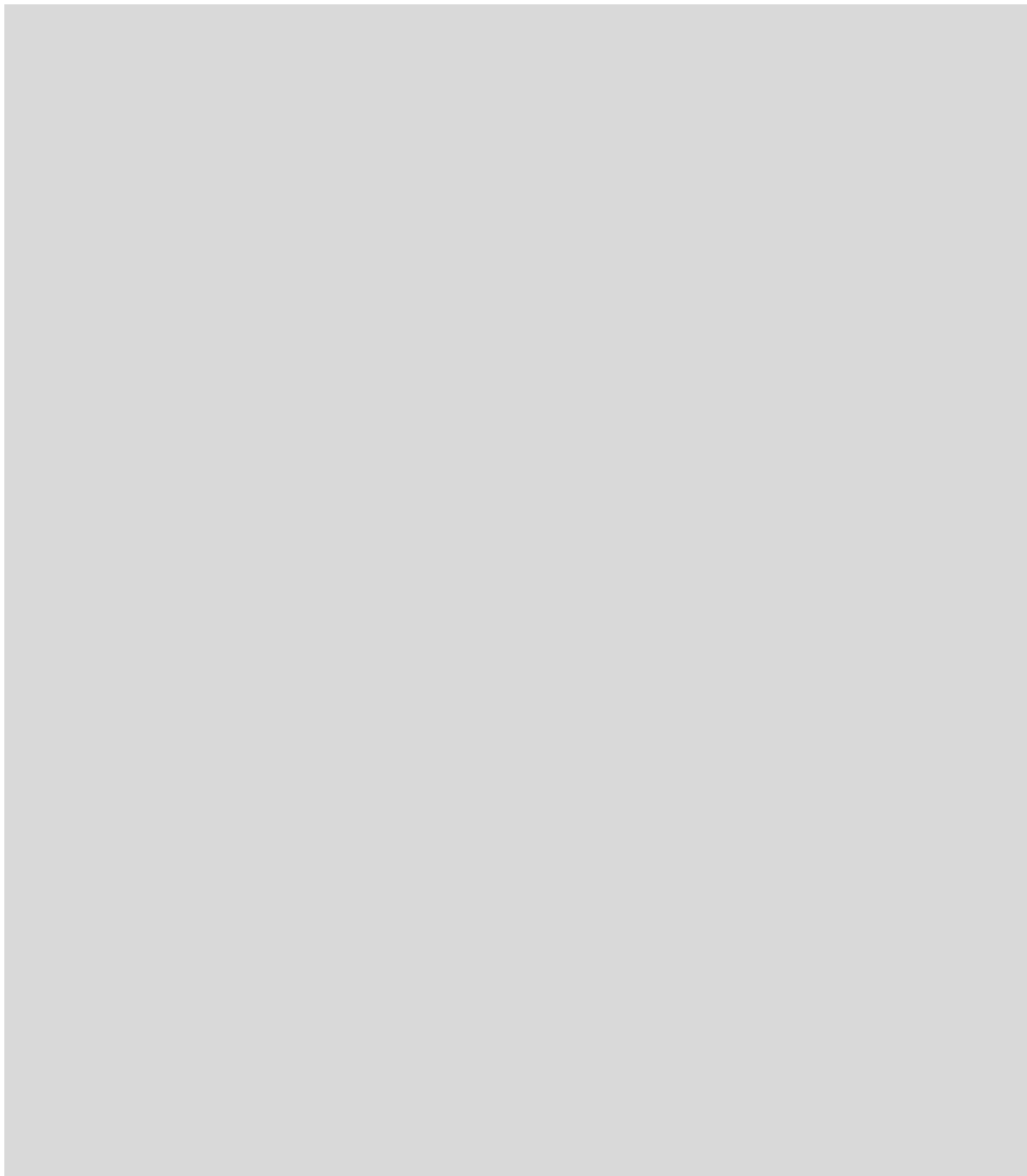
Con't FY 13/14	2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity. 3) Total Federal awards expended for each individual Federal project and the CFDA number or other identifying number when the CFDA information is not available. 4) Include notes that describe the accounting policies used in preparing the schedule. 5) Pass-through entities should identify in the schedule. 6) The value of the Federal awards expended in the form of non-cash assistance, amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. C) Federal awards accounts receivables appeared to be overstated by approximately \$1 million, unearned revenue by approximately \$100,000, and a misclassification of unearned revenue that should be reported as receivables due to debit balances of \$54,000. Questioned Costs None. 2014-004 Finding - GANN Limit Calculation Significant Deficiency ¶V State Compliance Criteria or Specific Requirement Article XIII-B of the California Constitution and Chapter 1205, Statutes of 1980, requires each community college to comply with the annual appropriation limit. Condition The District included in the population factor P2 FTES for non-resident students. This results in the 2014-15 Gann limit, adjusted by inflation and population factors, being understated by \$814,064. The population factor excluding non-resident students would be .7885 rather than the .7850 used in the calculation reported in the CCFS-311 report submitted to the State of California. Questioned Costs None, due to the fact that the District is still within its appropriation limits. 2014-005 Finding ¶V 50% Law Calculation Significant Deficiency ¶V State Compliance Criteria or Specific Requirement Education Code 84362 requires that a minimum of 50 percent of the District's Current Expense of Education (CEE) be expended during each year for ¶§Salaries of Classroom Instructors¶. Condition The CCFS-311 form was not completed prior to the District finalizing its year end closing numbers. Therefore, the 50% law calculation included in the CCFS-311 was not accurate. Questioned Costs None, the District remains in compliance.
Con't FY 13/14	2014-006 Finding ¶V Health Fees Significant Deficiency ¶V State Compliance Criteria or Specific Requirement Education Code Section 76355 also requires boards to adopt rules and regulations that exempt certain students from the payment of health fees. Under subsection (c), districts must exempt students who defer medical care on prayer for healing, and students attending community college under an approved apprenticeship program. Districts should also ensure that the existence of the two statutory exemptions is communicated effectively to the students so that they will be aware of potential applicable exemptions. Condition The procedures for health fee exemptions are not clearly defined in the course catalog. Questioned Costs None

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Questioned Costs None. 2013-3 Finding - Daily Attendance Accounting and Reporting Significant Deficiency. State Compliance Criteria or Specific Requirement Title 5, section 58003.1 (c) defines a Daily Census course as a course that is scheduled to meet five or more days and scheduled regularly with respect to the number of hours during each scheduled day. The Student Attendance Accounting Manual (SAAM) indicates that Daily Census contact hours reported must be computed based on the regularly scheduled hours for each class as published in the official schedule of classes, and not on the total number of contact hours listed on the outline of record or college catalog. Condition 3 of 40 courses reviewed did not meet the definition of a Daily Census course as indicated above. Two courses were not scheduled to meet for more than 5 days and one course met for a different number of hours at each meeting. 20 of 40 courses contact hours reported did not appear to be computed based on the regularly scheduled hours for each class as published in the official schedule of classes. Questioned Costs None for the three Daily courses not meeting the definition of a Daily Census course, totaling 19.96 FTES, as they were transferred to Positive Attendance Accounting Method in the Recalculation 320 report. The amount of FTES reported in the Recalculation 320 report was 14.48 Positive Attendance FTES. None for the 20 courses not scheduled based on hours in the official schedule as the Recalculation 320 report corrected for 4.69 FTES overstatement noted. Extrapolating the error rate of 10% would have resulted in an overstatement of 105 FTES for daily census courses, and an understatement of 105 FTES for positive attendance courses.

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2012-01 MATERIAL WEAKNESS - OTHER POSTEMPLOYMENT BENEFITS LIABILITY Criteria GASB Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, governmental employers who provide other postemployment benefits (OPEB) to employees to recognize expense and related liabilities (assets) in the entity-wide full accrual financial statements. Condition The District has not implemented procedures or policy to adequately provide for the funding of the liability under GASB Statement No. 45, which is continuing to increase. The Annual OPEB cost for year ended June 30, 2012 was \$16,693,040; however, the amount contributed was \$7,243,730, increasing the liability by \$9,449,310. The OPEB liability of \$45,152,375 as of June 30, 2012 contributed significantly to the negative unrestricted asset balance of (\$45,302,556) as of June 30, 2012.

2012-2 SIGNIFICANT DEFICIENCY - FINANCIAL REPORTING Criteria Accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board, require entities to establish and maintain effective internal control over financial reporting. Condition The Annual Financial and Budget Report (CCFS-311) financial statements and the GASB 35 Conversion entries presented to begin the audit contained the following errors. The District prepaid payroll expenditures for employees who elected are paid out over 12 months during 2012. The District did not record the \$762,121 paid as a prepaid expense at June 30, 2012. The Health Insurance Premium of \$850,182 for the 2012-13 fiscal year was paid in 2011-12 fiscal year was incorrectly recorded as a reduction to payables and not as a prepaid expense.

The District evaluated but did not post a provision to the allowance for doubtful student accounts. It was determined the allowance for doubtful accounts balance related to student accounts owed to the District should have been increased by an additional \$467,069. A receivable from the Department of Human Services dated from the 2001-08 year was still maintained on the District's general ledger without consideration of actual collectability. The balance of the receivable totaled \$169,087 at June 30, 2012. One invoice sent for testing of the Internal Service Fund was not paid in a timely manner and was improperly accrued at June 30, 2012. The amount accrued as of June 30, 2012 was \$49,405.

2012-3 SIGNIFICANT DEFICIENCY - ENDING FUND BALANCE - SELF INSURANCE FUND Criteria The District should maintain adequate resources, both at an entity-wide level and at the specific fund level. Reporting standards require disclosure of funds with negative fund balances. Condition The District maintains a Self-Insurance Fund for employee workers' compensation benefits. The District increased its assessment to the funds to recover funding from prior years and has posted a liability within the self-insurance fund in the amount of \$6.1 million. The self-insurance fund does not have sufficient assets to cover this liability which has resulted in a negative fund balance of \$4.0 million. This liability would ultimately become the responsibility of the various funds which record payroll expense-specifically the District's Unrestricted General Fund. This has the possibility of negatively impacting the financial activity of the District.

2012-4 DEFICIENCY - CASH RECONCILIATION Internal Control - Safeguarding of Assets Condition The Wells Fargo account reconciliations are not being reviewed in a timely manner. The October 2011 reconciliation was not reviewed until April 2012; the April 2012 reconciliation was not reviewed until June 2012.

2012-5 DEFICIENCY -ASSOCIATED STUDENT BODY GOVERNMENT Criteria Internal Control - Safe Assets. Condition Sub-receipt books are not used by clubs to record revenues earned. 2012-6 - PREP. OF SCHEDULE OF FEDERAL AWARDS Criteria OMB Circular A-133, Section 310 (b) requires recipient funds to prepare a schedule of expenditures of federal awards for the period covered by the financial statements being audited. At a maximum, the schedule of expenditures of federal awards should include list of federal programs, identified by federal agency. 2. For Federal awards received as a subrecipient name of the pass-through entity and identifying number assigned by the pass-through entity. 3 Total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. 4. Include notes that describe the accounting policies used preparing the schedule. 5 Pass-through entities should identify in the schedule the total amount provided subrecipients from each Federal program. 6. The value of the Federal awards expended in the form of cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding year end. 2012-07 DEFICIENCY - INVENTORY OF CAPITAL ASSETS Criteria The A-102 Common Rule Circular A-110 require that equipment be used in the program that acquired it or, when appropriate, other Federal programs. Equipment records shall be maintained; a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records. Condition The last physical inventory report was completed for the period ending June 30, 2009 (report dated January 6, 2010). The District did not complete a physical inventory of capital assets for the period ending June 30, 2012, thus not complying with the bi-annual requirement.

2012-08 - STATE COMPLIANCE - DEFICIENCY - ATTENDANCE Criteria 2011-12 Contracted District Item No. 424, State General Apportionment Funding System - Updated. Condition The District's contra calculation for one daily census course included an extra meeting time resulting in the overstated of 0.2 actual FTES and an extrapolated overstatement of 16.7 FTES. The District's determination of census courses did not apply rounding rules. As a result, 85 daily census courses had late census which 22 courses had student drops resulting in an understatement of 2.99 FTES. The District classifies weekly census courses as daily census resulting in an understatement of 0.21 FTES. In general, the District calculates contact hours based on actual meeting times in accordance with attendance guidance but at meeting times for partial hour, short-term classes are not accurately published in the schedule of classes.

09 - STATE COMPLIANCE - DEFICIENCY - STUDENT FEES - HEALTH FEES AND USE OF HEALTH FEES Criteria CCR, Title 5, Section 54706(b) - Expenses Not Funded Condition Per CCR, Title 5, Section 54706(b) - Expenses Not Funded, the District cannot expend health fee funds on Administrative salaries (Assistant Level or its equivalent and above). The District used health fee funds for the salary of the Associate Dean of the Clinic Director.

2012-10 - STATE COMPLIANCE - DEFICIENCY - CalWORKS Criteria Education Code 79200-79203 & 84759 Condition The District transferred in funds from the unrestricted General fund to the time and effort reporting ratio for the Dean of Student Financial Aid. While this meets the tests for an objective allocation method, it is inconsistent with the California State Chancellor's Office's California Community College District Audit Manual requirements for restricted fund program transfers, and the District's standard treatment of restricted fund transfers.

2012-11 - STATE COMPLIANCE - DEFICIENCY - EXTENDED OPPORTUNITY PROGRAMS (EOPS) AGENCIES RESOURCES FOR EDUCATION (CARE) Criteria Per guidelines set forth by the California State Chancellor's Office, each CARE program shall have an advisory committee and/or interagency group. The CARE advisory committee and/or interagency group shall meet at least twice during each academic year. Condition The District did not hold on second CARE advisory committee meeting during the academic year.

2012-12 - STATE COMPLIANCE - DEFICIENCY - DISABILITY STUDENT PROGRAM AND SERVICE CCR, Title 5 Section 56022: "An up-to-date SEC (Student Education Contract) for the current year, signed by the student and the DSPS professional staff person, should be available in the file of the student receiving services paid through the DSPS office." Condition The District did not obtain up-to-date SEC contracts for all students served by DSPS.

Other Information

Q#	Question Text	FY 13/14	FY 12/13	FY 11/12
18a	Budgeted Full Time Equivalent Students (FTES) (Annual Target):	32,621	32,632	34,223
18b	Actual Full Time Equivalent Students (FTES):	26,264	32,621	32,632

18c	Funded FTES:	32,621	32,621	32,632
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19 Report the % of total tuition/fees received from federal